STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY OXY USA, INC. **ORDER NO. PLC-580-C**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Oxy USA, Inc. ("Applicant") submitted a complete application to surface commingle and off-lease measure the oil production ("Application") from the pools, leases, and wells identified in Exhibit A.
2. Applicant proposed a method to allocate the oil production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7(B) NMAC.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.
6. Applicant certified the commingling of oil production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil production to less than if it had remained segregated.
7. Applicant in the notice for the Application stated that it sought authorization to add additional pools, leases, and wells and identified the parameters to make such additions.

CONCLUSIONS OF LAW

8. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, and 19.15.12 NMAC.
9. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC, as applicable.

10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.

11. Commingling of oil production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.

12. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.

13. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle and off-lease measure oil production from the pools, leases, and wells identified in Exhibit A.

2. This Order supersedes Order PLC-580-B.

3. The allocation of oil production shall be based on the production life of each well as measured for three periods: (a) the initial production period shall be measured from the first production until the earlier of either the peak production rate or thirty (30) days after the first production; (b) the plateau period shall be measured from the end of the initial production period to the peak decline rate; and (c) the decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

   During the initial production period, the oil production for each well identified in Exhibit A shall be allocated using a production curve calculated from a minimum of ten (10) well tests per month, except that any day in which a well test cannot achieve an accurate result due to a temporary change in oil production shall not be included in the computation of time determining the well test schedule. The production curve shall be calculated by interpolating daily production for each day using the known daily production obtained by well tests and shall use a method of interpolation that is at minimum as accurate as maintaining a constant rate of change for each day's production between the known daily production values.

   During the plateau period, the oil production for each well identified in Exhibit A shall be allocated using a minimum of three (3) well tests per month.

   During the decline period, the oil production for each well identified in Exhibit A shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month; (b) a minimum of two (2) well tests per month when the decline rate is between twenty-two percent (22%) and ten percent (10%) per month; and (c) a minimum of one (1) well test per month when the decline rate is less than ten percent (10%) per month.

Upon OCD's request, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that contains the decline rate curve and other relevant information demonstrating the production life of a well.

Applicant shall conduct a well test by separating and metering the oil production from that well for either (a) a minimum of twenty-four (24) consecutive hours; or (b) a combination of nonconsecutive periods that meet the following conditions: (i) each period shall be a minimum of six (6) hours; and (ii) the total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than fifteen (15) days until the well commences production.

4. Applicant shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.
5. Applicant shall calibrate the meters used to measure or allocate oil production in accordance with 19.15.12.10(C)(2) NMAC.
6. If the commingling of oil production from any pool, lease, or well reduces the value of the commingled oil production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
7. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B via the OCD Fee Portal in accordance with 19.15.12.10(C)(4)(g) NMAC.
8. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
9. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

DATE: 4/27/2021

ADRIENNE SANDOVAL
DIRECTOR
AS/dm

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-580-C
Operator: Oxy USA, INC. (16696)
Central Tank Battery: Whomping Willow Battery
Central Tank Battery Location (NMPM): Unit F, Section 15, Township 24 South, Range 29 East
Central Tank Battery: Cedar Canyon 16-1 Battery
Central Tank Battery Location (NMPM): Unit D, Section 16, Township 24 South, Range 29 East

Pools

Pool Name	Pool Code
PIERCE CROSSING; BONE SPRING, EAST	96473
PURPLE SAGE; WOLFCAMP (GAS)	98220
CEDAR CANYON; DELAWARE	11540
CORRAL DRAW; BONE SPRING	96238

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
CA BS 1377568	S/2 N/2, N/2 S/2	Sec 15-T24S-R29E
	S/2 NE/4, N/2 SE/4, SE/4 NW/4, NE/4 SW/4	Sec 16-T24S-R29E
CA BS 1377584	S/2	Sec 15-T24S-R29E
	SE/4, E/2 SW/4	Sec 16-T24S-R29E
CA WC 1377397	S/2 Sec 15, S/2 Sec 16	T24S-R29E
VA 8361	All	Sec 16-T24S-R29E
Fee	NE/4, S/2 NW/4	Sec 17-T24S-R29E
	N/2 SW/4, E/2 NW/4 SE/4, SE/4 SE/4	Sec 17-T24S-R29E
	W/2 SW/4, SE/4 SW/4, S/2 NE/4 SW/4	SE/4 Sec 17-T24S-R29E
Fee	SW/4, SW/4 NW/4, S/2 SE/4, NE/4 SE/4	Sec 9-T24S-R29E
Fee	SW/4	Sec 10-T24S-R29E
Fee	W/2, S/2 NE/4, SE/4	Sec 15-T24S-R29E
Fee	NW/4 NE/4 Sec 15, NE/4 SE/4 Sec 8	T24S-R29E
Fee	N/2 N/2	Sec 22-T24S-R29E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-015-45215	Refried Beans CC 15_16 State Com 12H	H-15-24S-29E	96473	
30-015-45216	Refried Beans CC 15_16 State Com 13H	H-15-24S-29E	96473	
30-015-45217	Refried Beans CC 15_16 State Com 14H	I-15-24S-29E	96473	
30-015-45218	Whomping Willow CC 15_16 State Com 44H	I-15-24S-29E	98220	
30-015-30375	Harroun 10 #1	N-10-24S-29E	11540	
30-015-31709	Harroun 10 #2	M-10-24S-29E	11540	
30-015-32617	Harroun 10 #3	L-10-24S-29E	11540	
30-015-29987	Harroun 15 #7	C-15-24S-29E	11540	
30-015-30253	Harroun 15 #8	F-15-24S-29E	11540	
30-015-32620	Harroun 15 #14	D-15-24S-29E	11540	
30-015-42058	Cedar Canyon 17 Fee #1H	A-17-24S-29E	96238	
30-015-33317	Harroun 15 #15	E-15-24S-29E	96473	

30-015-33823	Harroun 15 #16A	L-15-24S-29E	96473
30-015-33822	Harroun 15 #17	M-15-24S-29E	96473
30-015-41032	Cedar Canyon 15 #2H	M-15-24S-29E	96473
30-015-41594	Cedar Canyon 15 #3H	L-15-24S-29E	96473
30-015-41327	Cedar Canyon 22 #2H	D-22-24S-29E	96473
30-015-41291	Cedar Canyon 15 #4H	E-15-24S-29E	96473
30-015-34997	Harroun 9 #1	P-09-24S-29E	96473
30-015-41488	Harroun 9 #3H	P-09-24S-29E	96473
30-015-41024	Cedar Canyon 16 State #2H	P-16-24S-29E	96473
30-015-41595	Cedar Canyon 16 State #6H	L-15-24S-29E	96473
30-015-42683	Cedar Canyon 16 State #12H	M-15-24S-29E	96473
30-015-33820	H Buck State #003	A-16-24S-29E	96473
30-015-34444	H Buck State #004	H-16-24S-29E	96473
30-015-32618	Harroun 10 #004	K-10-24S-29E	96473
30-015-29310	Harroun 15 #005	B-15-24S-29E	11540
30-015-33821	Harroun 22 #003	A-22-24S-29E	96473
30-015-35042	H Buck State #005	L-15-24S-29E	96473
30-015-34695	H Buck State #010	P-16-24S-29E	96473
30-015-29763	Harroun 15-2	D-15-24S-29E	11540
30-015-39857	Cedar Canyon 15 #001H	M-15-24S-29E	11540
30-015-28639	Harroun 22 #001	D-22-24S-29E	11540
30-015-42062	Cedar Canyon 16 State #11H	C-16-24S-29E	11540
30-015-39856	Cedar Canyon 16 State #1H	D-16-24S-29E	96473
30-015-41251	Cedar Canyon 16 State #7H	E-15-24S-29E	96473
30-015-41596	Cedar Canyon 16 State #8H	A-16-24S-29E	96473
30-015-42061	Cedar Canyon 16 State #9H	D-16-24S-29E	96473
30-015-42055	Cedar Canyon 16 State #10H	C-16-24S-29E	96473
30-015-43844	Cedar Canyon 16 State #33H	A-16-24S-29E	98220
30-015-43843	Cedar Canyon 16 State #34H	A-16-24S-29E	98220